



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

September 1, 2000

Pat Gochnour
Gochnour & Associates, Inc.
19590 East Main Street, Suite 208
Parker, Colorado 80138

Re: Tentative Approval of Amendment to Drill Water Well/Exploration Holes Within Large Mine Permit Area, Lisbon Valley Mining Company LLC, Summo USA Corporation, Lisbon Valley Copper Project, M/037/088 (UTU-72499, ML-20569), San Juan County, Utah

Dear Mr. Gochnour:

The Division has reviewed the proposal dated July 14, 2000, submitted on behalf of Summo USA Corporation. The Division has also reviewed copies of the letters to the BLM Moab Field Office dated July 31, 2000, and August 23, 2000, which modify the initial proposal. All of the proposed work is within the large mine permit area.

The proposal describes the creation of 14 groundwater exploration/development holes, 14 drill pads, and 1,700 feet of access roads. The August 23, 2000 letter, requests the omission of drill site N-4, with the understanding that an alternate location may be proposed at a later time. Summo wishes to include the reclamation costs for 14 drill holes and pads to avoid delays in bond adjustments, in the event a location for the 14th hole is proposed. The additional disturbance created by this proposal will be approximately 1.14 acres.

The Minerals Rules categorize this proposal as an amendment to an existing large mine operation notice of intention even though the work proposed is for groundwater exploratory drilling. **The information provided in this submission satisfies the Division's requirements for a large mine operation permit amendment.**

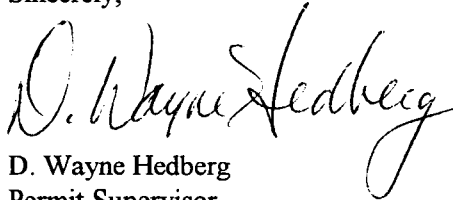
The Division has reviewed the reclamation cost estimate provided in this submission. The unit costs used in this estimate are the same as the unit costs in the previously approved amendment. The Division has adjusted the cost estimate provided by Summo to include a 10% contingency and five years of escalation for this amendment (calculations attached). The Division will need a new Reclamation Contract and revised surety referencing the new disturbed acreage and surety amount before final approval for this amendment can be given.

Page 2
Pat Gochmour
M/037/088
September 1, 2000

The current Reclamation Contract references a surety amount of \$97,066 and a total surface disturbance of 6.72 acres. Please provide a surety for the new amount of \$124,200 which jointly lists the Division, Bureau of Land Management, and School and Institutional Trust Lands Administration. Please reference the new surety amount and total disturbance of 7.86 acres in a new Reclamation Contract. Please revise Attachment A to include a revised legal description for this latest drilling proposal.

A blank copy of the current Reclamation Contract form is enclosed for you use. Please contact Joelle Burns at (801) 538-5291 if you require surety forms. If you require additional information please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267. Thank you for your cooperation in completing this permitting action.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb
Attachment: Division escalation calculation
Enclosure: blank MR-RC form
cc: Bob Prescott, Summo, Moab Office
Bill Stringer, BLM Moab FO
Will Stokes, SITLA
Pam Grubaugh-Littig, DOGM
o:\REVIEW\m37-88exp8-00.wpd

1	RECLAMATION SURETY ESTIMATE				
2	Summo USA Corporation			last revision 08/31/2000	
3	Lisbon Valley Copper Project			filename m37-88ex8-00.wb3	
4	M/037/088	San Juan County			
5	Prepared by Utah State Division of Oil, Gas & Mining				
6	-This estimate is for the groundwater exploration/development drilling amendment dated July 14, 2000.				
7	-Basic line items in this estimate are taken from Summo's estimate of July 14, 2000.				
8	-This estimate adds a contingency of 10% and 5 years of escalation to Summo's calculations.				
9	-Previous bond amount posted for the project was \$97,066 (escalated to year 2005).				
10	-This amendment proposes activities on state, BLM and fee lands.				
11	-This amendment proposes bonding for 14 holes, with locations for 13 holes provided.				
12	-Amount of disturbed area which will receive reclamation treatments =			1.14 acres	
13	-Estimated total disturbed area for this mine =			1.14 acres	
14	Activity	Quantity	Units	\$/unit	\$
15					
16	Bentonite plugging of drill holes (5" dia.)	5,650	LF	3.00	16,950
17					
18	Access road reclamation	1,700	LF	1.25	2,125
19					
20	Drill site reclamation	14	sites	150	2,100
21			Subtotal		21,175
22	10% Contingency				2,118
23			Subtotal		\$23,293
24					3,881
25			Amendment Total		\$27,173
26					
27	Average cost per disturbed acre =	\$23,836			
28					
29		Previous surety amount in year 2005 dollars			\$97,066
30					
31		NEW SURETY AMOUNT 2005-\$ (rounded) =			\$124,200